

School Finance Payment System Presentation to ITAC

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Problem Statement

- Current system processes more than **\$6B in state aid** payments annually
- High-risk system built on **unsupported Microsoft Windows 2000** platform
- Time-consuming manual processes make up more than **50%** of the system
- Payment generation creates **frequent re-calculations and manual review** that accounts for delays in processing times
- System lacks audit capabilities and adequate reporting features

Benefits of a New System

Agency

- Automated calculations **saves state dollars** by reducing manual labor and human error
- Protects student data by being fully supported with Cloud processing and storage
- Data collection, storage and reporting will be streamlined
- Data processing times would reduce from days to minutes

State

- Fully compliant with state legislative reporting and auditing criteria
- All program processes would be streamlined, standardized and automated
- School Finance System to be built on same platform as **award-winning** AzEDS
- Will make all ADE systems **fully compliant** on Cloud

RFP Process

Procurement Timeline

March 2019	ADE given \$3.0M to begin project by State
April 2019	ADOA requested ADE undergo RFP and PIJ processes for funds access
May-June 2019	ADE held two Sub-Committee meetings to collect data and organize RFP requirements
July 2019	ADE issued 30-day RFI to further expand on requirements and elicit Vendor interest
August 2019	ADE engaged in further stakeholder revisions to RFP
September 2019	ADE/Procurement issued 30-day RFP solicitation
October 2019	Solicitation closed, four vendors responded (one disqualified)
Late October 2019	Responses were evaluated by seven-member committee

Conclusion

None of the vendors met the qualifications to fulfill the requirements of the RFP.

Proposed Technical Solution

ADE IT to implement a new School Finance Payment System

- Integration with AzEDS for student ADM, transportation and staff data
- Integration with ADEConnect for application security
- Ability to apply automatic and manual adjustments
- Payment review and approval workflow
- Automatic transfer of payment data to AFIS and Treasury
- Dashboard and enhanced reports

Built on modern application development stack

- Microsoft .Net and SQL Server database
- Leverage inRule rules engine to externalize payment calculations away from code
- Deployed to Microsoft Azure cloud platform

Implementation Oversight

- **Unprecedented** cross-agency collaboration and oversight
- IV&V will provide third-party independent oversight
 - Will partner for weekly status updates
 - Will provide quarterly onsite reviews
- Technology Design and Documentation Review & Approval Committee
- Partnered with ASET Project Manager for the first time
- New ADE IT management team to oversee project fulfillment
- New ADE administration to oversee ADE IT

Project Responsibilities

ADE

1. Project Management
2. Architectural Design
3. Development
4. Testing
5. Deployment
6. Training
7. Adoption

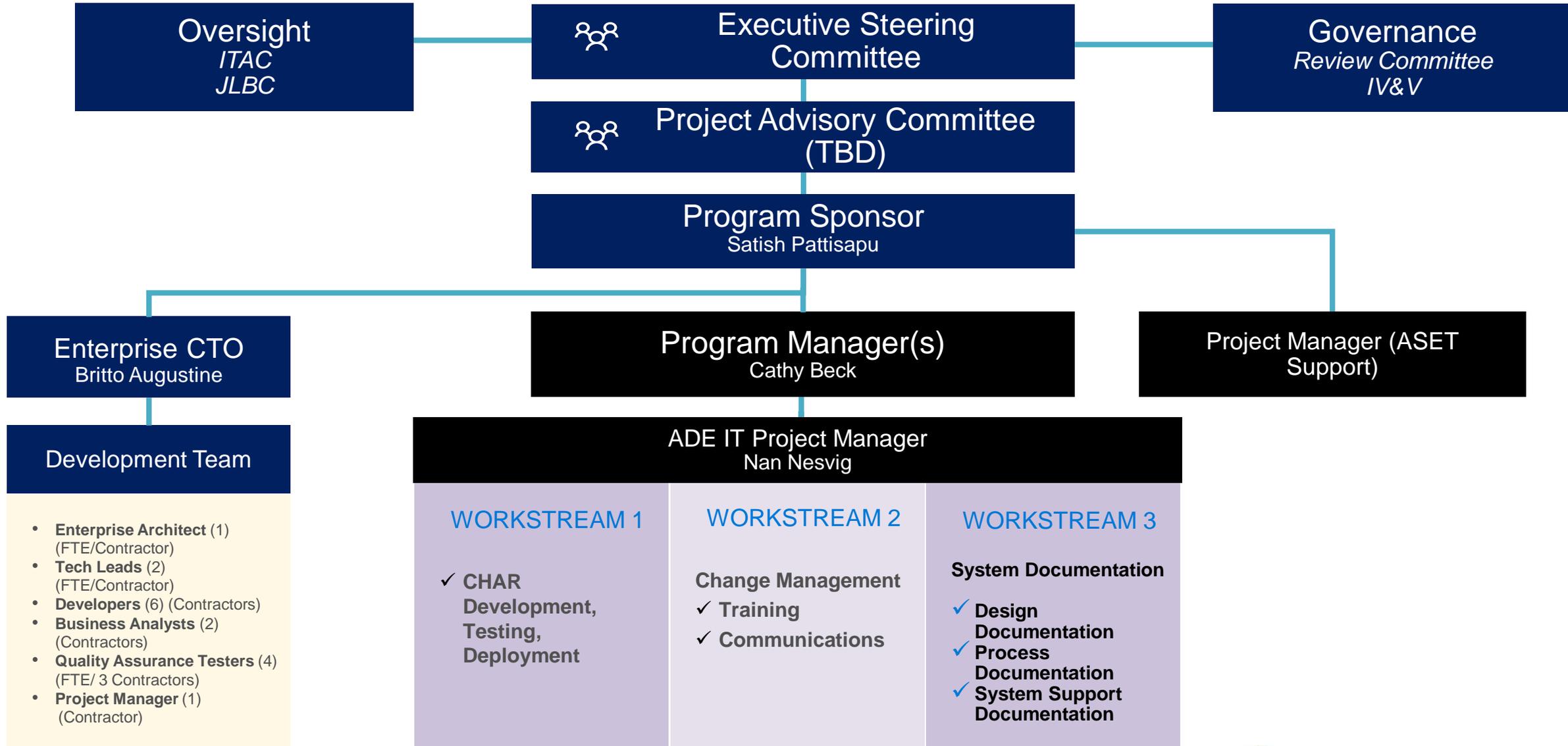
Shared

1. Project Management & Oversight
2. Business – Design, Process & System Support
3. Documentation Review & Approval Committee

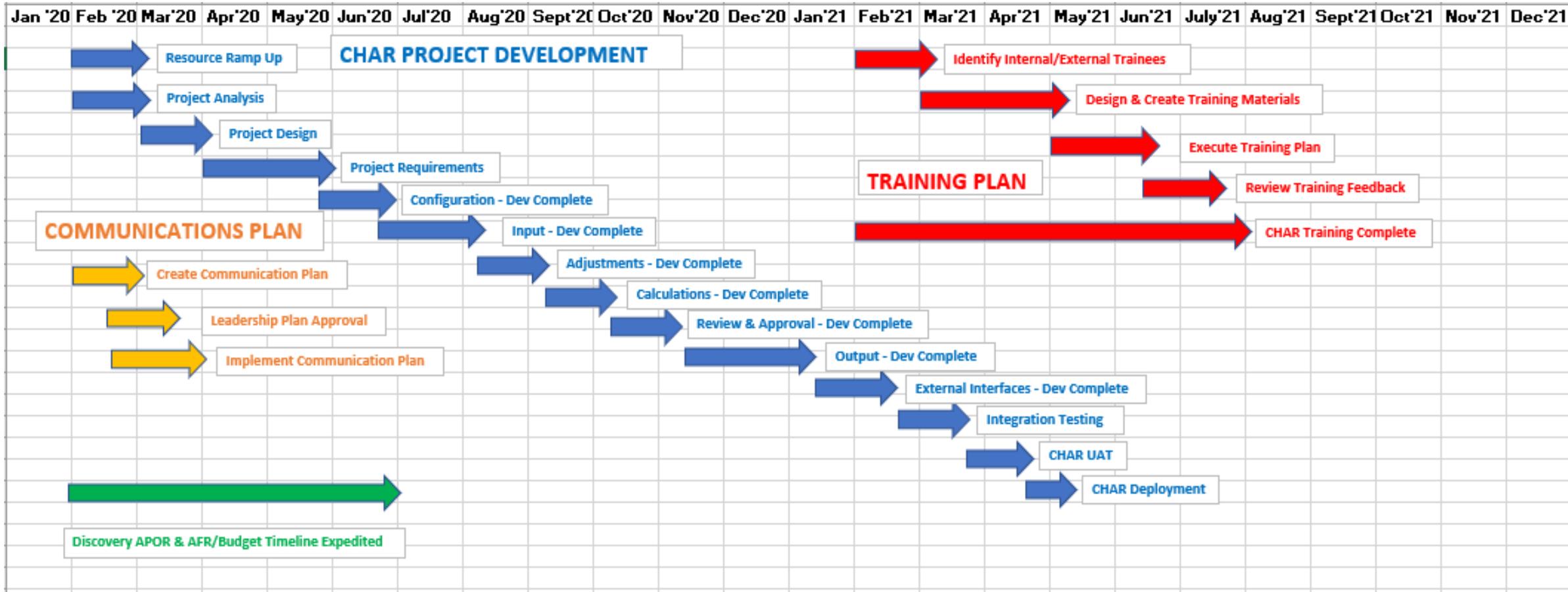
Vendor/Contractor

1. IV & V
2. Knowledge Services – Professional Contractor Services

Program Structure



Project Timeline – Phase I



FUTURE DEVELOPMENT YEARS 2 & 3 (EXPEDITED TIMELINE PENDING DISCOVERY PHASE OUTCOME)

APOR DEVELOPMENT: Current Estimated Start Date 05/10/2021

AFR/BUDGET: Current Estimated Start Date 06/27/2022

Current Operational Costs

Project Costs by Category	FY18	FY19	FY20	Total
Professional & Outside Services (contractors)	\$255,000.00	\$255,000.00	\$255,000.00	\$765,000.00
Hardware	\$930.00	\$775.00	\$1,240.00	\$2,945.00
Software	\$2,010.00	\$1,675.00	\$2,680.00	\$6,365.00
Communications	\$2,423.00	\$2,019.00	\$3,231.00	\$7,673.00
Facilities	\$3,000.00	\$2,500.00	\$4,000.00	\$9,500.00
License & Maintenance Fees (firewalls, security software, physical storage, back up storage, existing physical hardware and maintenance)	\$25,000 (Legacy System)	\$25,000 (Legacy System)	\$25,000 (Legacy System)	\$75,000.00
Other Operational Expenditures	0	0	0	\$866,483.00
Total Operational	\$288,363.00	\$286,969.00	\$291,151.00	

Project Costs

Project Costs by Category	FY20	FY21	FY22	FY23	FY24	Total
Professional & Outside Services (Development Contractors, contingency fees and IV & V))	\$2,877,718.00	\$2,917,024.00	\$2,911,894.00	\$0	\$0	\$8,706,636.00
Hardware	\$22,806.00	\$0	\$0	\$0	\$0	\$22,806.00
Software	\$43,387.87	\$42,132.46	\$42,132.46	\$42,132.46 (allocated as operational expenses in PIJ)	\$42,132.46 (allocated as operational expenses in PIJ)	\$211,917.71
Communications (rolled into Prof Svcs)	\$0	\$0	\$0	\$0	\$0	\$0
Facilities (rolled into Prof Svcs)	\$0	\$0	\$0	\$0	\$0	\$0
License & Maintenance Fees (Azure only)	\$56,088.64	\$40,844.46	\$45,973.64	\$45,973.80	\$45,973.80	\$234,854.34
IT Operational Labor Expenditures	\$0	\$0	\$384,800.00	\$769,600.00	\$769,600.00	\$1,924,000.00
Total Development	\$3,000,000.00	\$3,000,000.00	\$3,000,000.00	\$0	\$0	\$9,000,000.00
Total Operational	\$0	\$0	\$384,800.00	\$811,732.46	\$811,732.46	\$2,008,264.92

Requested Budget

Project Development Funding	
Base Budget - Available	\$0
Base Budget - To Be Requested	\$0
APF Budget - Available	\$3,000,000
APF Budget - To Be Requested	\$6,000,000
Other Appropriated - Available	\$0
Other Appropriated - To Be Requested	\$0
Federal - Available	\$0
Federal - To Be Requested	\$0

Operational Delta	
Current 3-Year Operational Cost (Avg) (FY18-FY20)	\$288,827.66
Proposed 3-Year Post Development Operational Cost (Avg) (FY23-FY25)	\$811,732.46
Financial Impact of New System	\$522,904.80

Total Development Project Funding	
Available Budget – CHAR Only	\$3,000,000
To Be Requested Budget	\$6,000,000
Total 3 Year Budget	\$9,000,000

Total Operational Funding - Project	
To Be Requested Budget	<p>\$0*</p> <p>*The Operational funding for this project will be provided through the annual IT AELAS project distribution funds</p>

Success Measures

- Manual process times, which make up greater than 50% of the system, will be significantly reduced or eliminated from days, to two hours.
- Financial inaccuracies will be corrected as human interaction with processing calculations will be eliminated with system automation.
- Modernization of the system will more effectively support legislative changes and applicable statutes on how payments are calculated, adjusted , and delivered, resulting in complete adherence to all applicable laws.
- A quantifiable audit system will be in effect, rendering our system state compliant.
- New, updated technology platform will be fully supported eliminating security risks.
- Streamlined reporting will yield more accurate and timely information, benefitting decision and lawmakers.
- Future systematic modifications can be completed in a more expedient manner, resulting in less manual interaction and a personnel cost savings.

Q & A

Request for Approval

ADE IT requests ITAC's approval to replace the School Finance Payment System with a technologically-advanced, fully supported solution for **Phase 1** of the project.

Thank You

Project Timeline – Phase I Development

Milestones	Timelines		Duration
CHAR DEVELOPMENT SCHEDULE – PHASE 1 OF 3-YEAR PROJECT	Estimated Start Date	Estimated End Date	
CHAR Payment Resource Ramp Up	2/3/2020	3/2/2020	4 weeks
CHAR Payment Project Analysis	2/3/2020	3/2/2020	4 weeks
CHAR Payment Project Design	3/2/2020	3/30/2020	4 weeks
CHAR Payment Project Requirements	3/30/2020	5/25/2020	8 weeks
CHAR Payment Configuration-Dev complete	5/25/2020	6/29/2020	5 weeks
CHAR Payment Data Input-Dev complete	6/29/2020	8/17/2020	7 weeks
CHAR Payment Adjustments-Dev complete	8/17/2020	9/14/2020	4 weeks
CHAR Payment Calculations-Dev complete	9/14/2020	10/12/2020	4 weeks
CHAR Payment Review and Approval-Dev complete	10/12/2020	11/9/2020	4 weeks
CHAR Payment Output-Dev complete	11/9/2020	1/11/2021	6.5 weeks
CHAR Payment External Interfaces-Dev complete	1/11/2021	2/15/2021	4 weeks
CHAR Integration Testing	2/15/2021	3/15/2021	4 weeks
CHAR UAT	3/15/2021	4/19/2021	5 weeks
CHAR Production Deployment	4/19/2021	5/5/2021	2.5 weeks

Project Timeline – Phase I Communications

Milestones	Dates
Determine Plan Stakeholders	2/6/2020
Design Communication Plan	2/10/2020
Create Communication Plan	2/10/2020 – 2/20/2020
Leadership Review of Plan	2/20/2020 - 3/1/2020
Leadership Approval of Plan	3/15/2020
Implementation of Communication Plan	3/20/2020

Project Timeline – Phase I Training

ADE Internal Training

Milestones	Dates
Identify Trainees and Rollout Dates	2/1/2021 – 2/28/2021
Design Training Plan	3/1/2021 – 3/15/2021
Create Training Materials	3/15/2021 – 5/15/2021
Execute Training Plan	5/15/2021 – 6/15/2021
Review Training Feedback	6/15/2021 – 7/15/2021
Training Plan Completion	7/30/2021

LEA External Training

Milestones	Dates
Identify Trainees and Rollout Dates	2/1/2021 – 2/28/2021
Design Training Plan	3/1/2021 – 3/15/2021
Create Training Materials	3/15/2021 – 5/15/2021
Execute Training Plan	5/15/2021 – 6/15/2021
Review Training Feedback	6/15/2021 – 7/15/2021
Training Plan Completion	7/30/2021